



**SEREMBAN ENGINEERING BERHAD**  
(Company No. 45332X)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	<b>As at 31.03.2019</b>	<b>As at 30.06.2018</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,768	38,867
Investment properties	12,149	12,225
	<b>49,917</b>	<b>51,092</b>
<b>Current assets</b>		
Inventories	8,499	13,193
Trade and other receivables	15,110	21,472
Amount due from contract customer	8,551	4,114
Deposit, cash and bank balances	657	339
Current tax assets	6	1,053
	<b>32,823</b>	<b>40,171</b>
<b>TOTAL ASSETS</b>	<b>82,740</b>	<b>91,263</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	45,584	40,000
Treasury shares	(157)	(157)
Reserves	(22,697)	(14,731)
<b>Total equity</b>	<b>22,730</b>	<b>25,112</b>
<b>Non-current liabilities</b>		
Bank borrowings	13,666	11,794
Hire purchases and lease payables	1,488	1,141
	<b>15,154</b>	<b>12,935</b>
<b>Current liabilities</b>		
Trade and other payables	13,572	17,952
Amount due to Holding	9,892	3,393
Amount due to Associate	285	285
Bank borrowings	20,973	31,157
Hire purchases and lease payables	134	429
	<b>44,856</b>	<b>53,216</b>
<b>TOTAL LIABILITIES</b>	<b>60,010</b>	<b>66,151</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>82,740</b>	<b>91,263</b>
<b>Net Asset per share attributable to owners of the parent (RM)</b>	<b>0.29</b>	<b>0.32</b>

*The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2018 with the accompanying explanatory notes attached to the financial statements.*



**SEREMBAN ENGINEERING BERHAD**  
(Company No.45332X)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Current Quarter Ended <b>31.03.2019</b> <b>RM'000</b>	Preceding Year Corresponding Quarter Ended <b>31.03.2018</b> <b>RM'000</b>	Current Financial Period to-date Ended <b>31.03.2019</b> <b>RM'000</b>	Preceding Year Corresponding Financial Period to-date Ended <b>31.03.2018</b> <b>RM'000</b>
Revenue	14,759	19,265	47,426	57,400
Operating Profit	(1,600)	(1,036)	(264)	3,018
Interest expense	(633)	(609)	(2,101)	(1,963)
Interest income	4	2	7	4
Profit before taxation	<u>(2,229)</u>	<u>(1,643)</u>	<u>(2,359)</u>	<u>1,059</u>
Tax	-	(16)	(23)	(16)
Profit after taxation	<u>(2,229)</u>	<u>(1,659)</u>	<u>(2,382)</u>	<u>1,043</u>
Total Comprehensive Income for the period	<u>(2,229)</u>	<u>(1,659)</u>	<u>(2,382)</u>	<u>1,043</u>
Profit after taxation attributable to :				
Owners of the Company	(2,229)	(1,659)	(2,382)	1,043
Non-Controlling Interests	-	-	-	-
	<u>(2,229)</u>	<u>(1,659)</u>	<u>(2,382)</u>	<u>1,043</u>
Total Comprehensive Income attributable to :				
Owners of the Company	(2,229)	(1,659)	(2,382)	1,043
Non-Controlling Interests	-	-	-	-
	<u>(2,229)</u>	<u>(1,659)</u>	<u>(2,382)</u>	<u>1,043</u>
Basic Earnings per share (sen)	(2.80)	(2.08)	(2.99)	1.31

*The unaudited Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2018 with the accompanying explanatory notes attached to the financial statements.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	← Attributable to Owners of the Company →					Total Equity
	Share Capital	← Non-distributable →		Distributable	Total	
		Share Premium	Treasury Shares	Retained Profit		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 June 2018</b>	40,000	5,584	(157)	(20,315)	25,112	25,112
Adjusted loss on the adoption of MFRS 15	-	-	-	(808)	(808)	(808)
<b>As at 1st July 2018</b>	40,000	5,584	(157)	(21,123)	24,304	24,304
Total Comprehensive Income for the period	-	-	-	(2,382)	(2,382)	(2,382)
Adjusted income on the adoption of MFRS 15	-	-	-	808	808	808
As restated Transfer pursuant to S618(2) of CA 2016 *	5,584	(5,584)	-	-	-	-
<b>As at 31st March 2019</b>	45,584	-	(157)	(22,697)	22,730	22,730
<b>As at 1st July 2017</b>	40,000	5,584	(157)	(15,385)	30,042	30,042
Total comprehensive income for the period	-	-	-	1,043	1,043	1,043
Disposal of investment in subsidiary	-	-	-	-	-	-
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
<b>As at 31st March 2018</b>	40,000	5,584	(157)	(14,342)	31,085	31,085

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CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

	Current Financial Period to-date Ended 31.03.2019 Unaudited RM'000	Preceding Year Corresponding Financial Period to-date Ended 31.03.2018 Unaudited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	(2,359)	1,043
<b>Adjustment for:-</b>		
Unrealised gain on foreign exchange	6	43
Reversal of impairment loss on trade receivables	-	(2,440)
Depreciation on plant, property and equipment	1,504	1,588
Gain on disposal of property, plant and equipment	(24)	-
Interest expenses	2,101	1,963
Interest income	(7)	(4)
	<u>1,320</u>	<u>2,193</u>
<b>Changes in working capital</b>		
Inventories	4,694	3,068
Amount due to contract customers	(5,088)	6,690
Trade and other receivables	4,864	13,050
Trade and other payables	(2,055)	(17,891)
<b>Cash generated from operations</b>	<u>3,735</u>	<u>7,110</u>
Interest paid	(2,101)	(1,963)
Interest received	7	4
Tax refund	1,050	-
Tax paid	(3)	3
<b>Net cash generated from operating activities</b>	<u>2,688</u>	<u>5,154</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	24	127
Purchase of property, plant and equipment	(429)	(709)
<b>Net cash generated from investing activities</b>	<u>(405)</u>	<u>(582)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment to)/advance from immediate holding company	6,498	(1,475)
Net increase in fixed deposits pledged	(3)	(2)
Drawdown from hire purchase and lease payables	442	825
Net movement in short-term borrowings	(4,682)	(5,043)
Repayment of hire purchase and lease payables	(589)	(780)
Repayment of term loans and revolving credit	(1,308)	(1,488)
<b>Net cash generated/(used) in financing activities</b>	<u>2,358</u>	<u>(7,963)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,641	(3,391)
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	(5)	(42)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<u>(6,094)</u>	<u>4</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<u>(1,458)</u>	<u>(3,429)</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Short term deposit placed with licensed banks	114	110
Cash and bank balances	543	1,323
	<u>657</u>	<u>1,433</u>
Less : FD pledged with licensed bank	(108)	(105)
	<u>549</u>	<u>1,328</u>
Bank overdraft	(2,007)	(4,757)
Cash and cash equivalents	<u>(1,458)</u>	<u>(3,429)</u>

*The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2018 with the accompanying explanatory notes attached to the financial statements.*



**NOTE TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019**

**PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2019, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s Audited Financial Statements for the financial year ended 30 June 2018.

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing the annual consolidated financial statements for 30 June 2018 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 30 June 2018 except as described below.

During the financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140: Transfers of Investment Property

Annual Improvements to MFRS Standards 2014-2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements except as follows:



MFRS 15 – Revenue from Contracts with Customers

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The Group apply MFRS 15 using the modified retrospective approach by recognising its cumulative effect of the adoption to the retained profits as at 1 July 2018 on contracts which were on-going before 1 July 2018, and that the comparatives will not be restated. The impacts from the adoption of MFRS 15 in the current financial period has been demonstrated in the Condensed Interim Statement of Changes in Equity.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015- 2017 Cycles	1 January 2019

The above mentioned accounting standards and interpretations (including the consequential amendments) do not have any financial impact on the Group’s financial statements upon their initial application.

**A2. Qualification of financial statements**

The preceding year annual audited financial statements were not subject to any qualification.

**A3. Seasonal and cyclical factors**

The Group’s business operation results were not materially affected by any major seasonal or cyclical factors during the financial period ended 31 March 2019. However, the process equipment’s business operation result is depend on the status of work in progress and timing of completion of each project.

**A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2019.

**A5. Changes in accounting estimates**

There were no changes in accounting estimates that have a material effect in the current quarter results.



**A6. Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the financial period ended 31 March 2019.

As at 31 March 2019, the number of treasury shares held was 319,200 SEB Shares as treasury shares out of its 80,000,000 SEB Shares.

**A7. Dividend Paid**

There were no dividends paid for the financial period ended 31 March 2019.

**A8. Segmental information**

The Group is principally engaged in the fabrication of process equipment and metal structure and the provision of maintenance, repair and shutdown works. Therefore, business segmental information has not been prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are confined to one business segment and located in Malaysia.

Major segments analysed by geographical location of customers are as follows:-

	9 months period ended	
	31.03.2019	31.03.2018
	<u>RM'000</u>	<u>RM'000</u>
<b>Revenue</b>		
— Domestic	26,315	20,074
— Overseas	21,111	37,326
	<u>47,426</u>	<u>57,400</u>

**A9. Capital Commitment**

There were no capital commitment approved and contacted for during the financial period ended 31 March 2019.

**A10. Material events subsequent to the end of the interim**

There were no material events subsequent to the end of the quarter under review.

**A11. Changes in the composition of the Group**

There were no change in the composition of the Group during the current quarter under review.

**A12. Changes in contingent liabilities and contingent assets**

There were no material contingent liabilities and contingent assets incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

**A13. Significant related party transactions**

There were no significant related party transactions during the financial period under review.



**PART B : OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD  
MAIN MARKET LISTING REQUIREMENTS**

**B1. Review of performance**

The Group posted revenue of RM 14.76 million and loss after tax of RM 2.23 million for the 3 months period ended 31 March 2019 (“Current Quarter” or “Q3FY19”) as compared to the revenue of RM 19.27 million and loss after tax of RM 1.66 million in the preceding year’s corresponding quarter ended 31 March 2018 (“Q3FY18”).

The revenue recorded in the Current Quarter was approximately 23% or RM 4.51 million lower as compared with Q3FY18. The lower revenue was mainly due to lower order books received. The losses incurred during the Current Quarter was mainly due to lower sales and work progress as a result of lower order book received.

On year to date basis, the Group posted its revenue and loss after tax at RM 47.43 million and RM 2.38 million respectively for the 9 months financial period ended 31 March 2019 as compared with the revenue of RM 57.4 million and profit after tax of RM 1.04 million for the preceding corresponding financial period. The preceding 9 months financial period ended 31 March 2018 was registered a profit after tax as compared to loss after tax in the current financial period mainly due to an one off other income generated from the reversal of impairment loss for trade receivable amounting to RM 2.44 million.

**B2. Comparison with immediate preceding quarter’s results**

The Group registered revenue and loss after tax for the Current Quarter at RM 14.76 million and RM 2.23 million respectively as compared with the immediate preceding quarter ended 31 December 2018 (“Q2FY19”) of RM 16.21 million and RM 0.25 million respectively mainly due to lower gross profit and work progress resulting from decrease in order books secured.

**B3. Prospects**

The Board anticipated that the prospects for the current financial year ending 2019 will continue to be challenging. Nevertheless, there is sign of improvement in market sentiments and incoming orders from client. Moving forward, the management shall ensure efficient project management and stringent on-going cost recalibration exercise to enable the Group to remain resilient in the increasingly challenging business environment.

**B4. Profit forecast or profit guarantee**

This is not applicable to the Group.

**B5. Tax expense**

	<b>3 months ended 31.03.2019 RM’000</b>	<b>3 months ended 31.03.2018 RM’000</b>	<b>9 months ended 31.03.2019 RM’000</b>	<b>9 months ended 31.03.2018 RM’000</b>
Income tax	-	(16)	(23)	(16)

The above income tax provision during the Current Quarter was provided for income generated from non-business source.



**SEREMBAN ENGINEERING BERHAD (45332 – X)****B6. Notes to the Statements of Comprehensive Income**

	<b>Individual Period 3 months ended 31.03.2019 RM'000</b>	<b>Individual Period 3 months ended 31.03.2018 RM'000</b>	<b>Cumulative 9 months year ended 31.03.2019 RM'000</b>	<b>Cumulative 9 months year ended 31.03.2018 RM'000</b>
Interest income	(4)	(2)	(7)	(4)
Interest expense	633	609	2,101	1,963
Depreciation	529	531	1,604	1,588
(Gain)/Loss on foreign exchange	(19)	97	(112)	92
Gain on disposal of PPE	-	-	(24)	-
Reversal of impairment losses on trade receivable			-	(2,440)
Other income	(223)	(263)	(827)	(1,000)

**B7. Group Borrowings**

The Group's borrowings as at 31 March 2019 were as follows:-

	<b>Current Secured RM'000</b>	<b>Non-Current Secured RM'000</b>	<b>Total RM'000</b>
Term loan	497	13,666	14,163
Hire Purchase	134	1,488	1,622
Bank overdraft	2,007	-	2,007
Trade bills and other short term borrowings	18,469	-	18,469
<b>Total</b>	<b>21,107</b>	<b>15,154</b>	<b>36,261</b>

All the borrowings are denominated in Ringgit Malaysia (RM).

**B8. Status of Corporate Proposals**

There are no corporate proposals pending during the quarter under review.

**B9. Material litigation updates**

Save as disclosed below, there were no material litigation pending or changes to the status of material litigations since the last annual balance sheet date up to the date of this report.

Seremban High Court Suit No: NA-22NCVC-31-05/2017

Seremban Engineering Berhad (“Plaintiff” or “SEB”) vs. Aarykin Special Steel Sdn Bhd (“Defendant”)

On 19 September 2018, the Court has stuck out SEB’s claim and the Defendants’ counterclaim as the Defendant has been wound up on 30 May 2018 by the Shah Alam high Court in Petition No. BA-28NCC-641-12/2017. SEB had filed Proof of Debt with Insolvency Department, Selangor and there has been no update from the liquidator as of the date of this report.



**B10. Dividends**

The Board does not recommend any dividend in respect of current quarter under review.

**B11. Earnings per ordinary share**

**(a) Basic**

The basic earnings per ordinary share amounts are calculated by dividing profit for the period attributable to ordinary equity owners of the parent by the weighted average number of ordinary shares in issue during the financial period ended as computed as follow:-

	<b>Individual Period 3 months ended 31.03.2019</b>	<b>Individual Period 3 months ended 31.03.2018</b>	<b>Cumulative Period 9 months ended 31.03.2019</b>	<b>Cumulative Period 9 months ended 31.03.2018</b>
Net profit attributable to the owners of the Company (RM'000)	(2,229)	(1,659)	(2,382)	1,043
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	(2.80)	(2.08)	(2.99)	1.31

**(b) Diluted**

The diluted earnings per share of the Group were not presented as there were no dilutive potential ordinary shares during the financial period.

This interim financial report is dated 29 May 2019.